

**SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
LEGISLATION COMMITTEE**

**2006-2007 BUDGET SENATE ESTIMATES HEARING  
29<sup>TH</sup> AND 30<sup>TH</sup> MAY 2006  
EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO**

**QUESTIONS ON NOTICE**

**Outcome 3: Increased workforce participation**

**Output Group 3.1: Working age policy**

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**Question Number: W068-07**

**Question:**

Senator Wong asked in writing:

After 1 July 2006, will people moving from welfare to work face EMTRs which are higher than the new top marginal tax rate of 45% (estimated to apply to only 2% of taxpayers) or than the second-highest marginal tax rate of 40% (estimated to apply to fewer than 18% of taxpayers)?

**Answer:**

Yes. EMTRs in the income ranges where income support is withdrawn can be higher than the top marginal tax rate. This has been the case for decades.

Changes to the income tests for social security benefits, such as Newstart Allowance, were made from 1 July 2006 as part of the Welfare to Work measures. This has resulted in income tests that are more generous than those that previously applied for the NSA income test.